

Massachusetts FAMILY BUSINESS

official magazine of the family business association

IT'S TIME TO JOIN THE FAMILY!

Massachusetts Family Business magazine is the only statewide glossy magazine reaching the strongest, most vibrant sector of the Bay State's economy.

10,000 SUBSCRIBERS - 40,000 AFFLUENT READERS

Family-owned businesses are the crucible of economic creativity. They make up more than 80 percent of all enterprises and account for more than 60 percent of all job growth. As the Commonwealth's largest corporations pause, family businesses are poised to gain ground.

Entrepreneurs and innovators, risk-takers and wealth-creators, they are the power behind the Bay State's economic future.

That's why there's no better time for *Massachusetts Family Business*, the state's only four-color glossy magazine devoted to the strongest sector of our economy. This magazine — from the publishers of *Banker & Tradesman* — will celebrate the accomplishments of family businesses, guide them over obstacles, illuminate opportunities and offer a helping hand.

Produced in partnership with the Family Business Association, this must-read magazine is Massachusetts' inside view of family business issues. Don't miss it!

86% of executives reported reading business to-business magazines monthly.



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Insecure About Security Law

New Rules In Massachusetts Will Put Big Burdens On Family Businesses

By Matthew J. Peivinski

DO DILIGENCE

Every business uses third parties to fulfill some of the duties inherent to running a business. CRM (if it affects them as well) but don't think that since they're handling the payment function or credit card processing that you're off the hook. A formal vendor management program provides assurance that the third parties you use are taking the appropriate steps to safeguard your information. Questions to ask your vendors are:

- What confidential data do you need in order to fulfill your contractual obligations?
- If the vendor only needs a first and last name, does that account number claim in the report you provide them, or transmit the number to others only the last 4 digits?
- How long do you keep confidential data before it is destroyed?
- How is it destroyed?
- Can I see a copy of your information security program?
- What steps will you take in the event of an information security breach?

You may have language in your contract when your vendor guarantees that they are in compliance with CIBS 17. If you can document that you have a strong vendor management program, you will be better able to prove that accountability for a breach at your vendor lies with them rather than on your shoulders.

By now you've probably heard that Massachusetts is requiring businesses to comply with stringent identity theft regulations. What you may not know is that this regulation goes much more general to the Commonwealth in holding companies accountable for security breaches, meaning more liability for criminal and civil charges.

The official name is M.G.L. c. 111B 21C CIBS 17, commonly referred to as CIBS 17. If you have as little information on a customer or employee as a first initial with last name combined with a Social Security number, email identification number, financial account, credit, or debit card number, you are required to comply with CIBS 17 and will be held accountable in the event of a security breach. Unless of what you need to do to protect your data and your company. Read on to learn the steps you must take to limit your risk, ensure compliance, and prevent your data.

BY MATTHEW J. PEIVINSKI
The practice of the regulation was approved by

some very public losses of customer information. According to the Privacy Rights Clearinghouse, a leading consumer information advocacy organization, there were more than 11.6 million records lost or stolen in 2008. A study released in February by the Pew Research Center, a data collection and research group, and PCSI, a data services company, calculated the cost of such losses at \$100 million and estimated that the loss of such records can add up to more than \$10,000. Additionally, the report found that could impact the business' ability to compete.

The requirements of CIBS 17 are that the records in the law include a written information security program, a measure of your self-responsible for

MATTHEW J. PEIVINSKI IS A FUNDRAISER AT BOLF & CO. LLP.

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People who were exposed to print advertisement had a higher recognition of ad content than those who received an online version of the same advertising message.

by Amy Metcalfe

STALLING OUT?

Can Family-Owned Car Retailers Make It In The Bay State?

For family-owned auto dealerships across Massachusetts, the last few months have been like being in a NASCAR race with a gasoline shortage. Many of them are going to make the main line, but some are sputtering and watching their dreams of glory stall.

Car sales are down across the board, and that's forcing many of the state's dealerships to scale back significantly. But dozens of others are in danger because of the woes of General Motors and Chrysler Corp., both of which are jangling franchises out from under owners.

"We are not closing our business at... has been implied incorrectly. We will continue serving our very loyal customers and have expanded our service department by servicing all makes and models including most imports. We are a Chevrolet dealer and have always sold more pre-owned vehicles than new," said Peter Stage, owner of Stage Chevrolet/Chrysler, in a statement.

the Boston Better Business Bureau says, we will remain in business," said the comment from a member of the Stage family, whose Cape Cod Chevrolet dealership appeared on Chrysler's list of 799 dealerships nationwide that the auto maker closed in June.

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Boch said that while his company sells foreign automobiles, they are still affected by GM's woes.

"The bankruptcy of GM is hurting our business," he said. "With Chrysler and GM in trouble, people say, 'it must be great for Honda, Nissan and Toyota (dealers) because now there's less competition,' but that is not the case. Without GM spending money on advertising they're not getting that competition to keep the market alive. People aren't getting excited to buy new cars, they're scared and it hurts us."

Boch Automotive began in the mid-1940s. Ernie Boch Sr. took over the company from his father in the late 1970s and generated fame for his one-of-a-kind marketing campaigns, which included sending a car windshield with a sledgehammer to illustrate the company's "smashing prices." Boch Jr. inherited the cash plant, "Come on down" and the business from his father, after Boch Sr. passed in 2003.

"It's the time to look back to the business basics of the past," he said. "It's time to be making sure management is trained right and to be really taking care of our customers better than we have been doing. It's the time to make sure customers feel safe."

Boch's empire of dealerships, concentrated mostly along the "Avenue" on Route 1 in Norwood, is still showing and selling more cars than any other dealership group in the state, he said.

"But, you are selling fewer cars than we were a year ago. I feel like we are the tallest reed. We're doing more business, but it's a bigger price of a smaller pie," he explained.

As for making sure the business stays a family affair?

"Yes, I am getting the next generation ready to get involved with the business," he said. "I have an eight-year-old daughter and a six-year-old son. I am trying to have my son take over the business. I've been asking him if he will do it since he was four. I'm working on my daughter too."

If that fails, Boch said he also has plenty of nephews and nieces to fill his shoes if necessary.

Passing Lane

Over at the Honda Cars of Boston dealership in Everett, the Giacchino family isn't even sure if the business will continue with the next generation. Salvatore J. Giacchino started the business in the late 1960s. Sons Gene, Paul and Rick got involved when they were in high school, working part-time and during summer breaks. The brothers got more involved as they got older, and in 2004, five years after their father's passing, took over running the dealership completely.

"We'd really like to see the business stay in the family," Gene Giacchino said. "It will definitely be a challenge because there are 10 siblings right now between us all. We don't know what will happen. We'll have to wait and see."

The greatest challenge for the Giacchinis right now is keeping their business stable.

"We've definitely been feeling a strain on our business as the economy has gotten deeper into the recession," Giacchino said. "Customers are a lot more cautious about making a commitment on large purchases such as new cars."

On the other hand, the business has seen improvements in the service and maintenance side of business as well as pre-owned car sales, according to Giacchino.

"We think the family business will be in good standing once the economy turns back around," he stated.

Ernie Boch Jr. at one of his Norwood dealerships. He says he's getting less than before, but he's still looking forward to a fourth generation taking the company.

A File-Up

But dealerships not selling GM or Chrysler products, too, are affected by the mega-corporation's meltdown.

"Business is down around the world," said Ernie Boch Jr., president and CEO of Boch Automotive. "The problem with the auto industry isn't that we're being harder times than anyone else, because we're not. Everyone's having troubles. The problem is that our models are planned over the front pages of newspapers everywhere you look."

"I am getting the next generation ready to get involved with the business."

Ernie Boch Jr.

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Gene Giacchino

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